Life Insurance Benefits

Introduction

Life Insurance can provide valuable financial protection for you and your family in the event of your death or the death of a family member. The ***Benefits by Design*** Program offers six choices of life insurance for you. You can also purchase life insurance for your dependent spouse and children. All life insurance premiums are paid on an after-tax basis.

Summary of Life Insurance Coverage

The company provides enough credits for you to purchase regular group term life insurance equal to 2.25 times your base annual salary at no out-of-pocket cost. Coverage that you purchase in excess of 2.25 times your base annual salary is Group Universal Life (GUL) insurance. (Please note that your excess coverage may not be GUL insurance if you were disabled on January 1, 1998. See the discussion under "Employees Who Were Disabled on January 1, 1998" later in this section.) The various options for employee life insurance are shown below:

Option	Term Insurance	GUL Insurance	Total Coverage
1	Lesser of $50,000 or 2.25 times salary	Excess (if any) of $50,000 over 2.25 times salary	$50,000
2	1 times salary	N/A	1 times salary
3	2.25 times salary	N/A	2.25 times salary
4	2.25 times salary	1 times salary	3.25 times salary
5	2.25 times salary	2 times salary	4.25 times salary
6	2.25 times salary	3 times salary	5.25 times salary

The salary amount used in these computations is your "base annual salary." Base annual salary is the amount you are paid for performing the duties required of your job; it does not include bonuses, overtime pay or similar payments. For salaried employees, "base annual salary" is your regular base annual salary rate (regular base monthly salary rate multiplied by 12). For hourly employees, "base annual salary" is your base hourly rate multiplied by 2,080 hours, unless otherwise stipulated by a current bargaining unit agreement. The amount of your life insurance coverage changes automatically effective the first of the month following a change in your salary, provided you are actively at work.

The maximum coverage available through this program is $1,000,000, of which no more than $500,000 may be term insurance provided by the company, and no more than $500,000 may be GUL insurance.

Employees Who Were Disabled on January 1, 1998

Employees who were disabled on January 1, 1998, and who subsequently returned to work, are able to participate in GUL insurance just as employees who were not disabled on January 1, 1998. GUL coverage for these employees was effective on the date they returned to work, in an amount equal to the excess of total insurance purchased over 2.25 times salary.

Employees who were disabled on January 1, 1998 and who **did** **not** subsequently return to work are not able to participate in GUL insurance. All of the life insurance continued for these employees, both company-provided coverage and any amount in excess of the company provided coverage, is group term life insurance. The provisions of GUL insurance described later in this section do not apply to any portion of the life insurance continued by these individuals.

Proof of Good Health Requirements

If you enroll in life insurance when you are first eligible to participate, you will be able to choose any level of coverage ***except 5.25 times your base annual salary*** without providing proof of good health. Employees who initially enroll for coverage equal to 5.25 times their base annual salary will be required to provide proof of good health. In this situation, coverage will be limited to 4.25 times base annual salary until the Benefits Office is notified that the proof of good health has been reviewed and approved by the insurance company. Coverage will be increased to 5.25 times base annual salary effective the first of the month following this notification.

If you enroll in life insurance when you are first eligible to participate, and choose to increase your level of coverage at a later date, you will be required to provide acceptable proof of good health before the higher coverage will be effective. For example, proof of good health will be required if you enroll initially for coverage equal to 2.25 times your base annual salary and later wish to increase your coverage to 3.25 times your base annual salary. In this situation, your coverage will remain at 2.25 times your base annual salary until the Benefits Office is notified that the proof of good health has been reviewed and approved by the insurance company. Coverage will be increased to 3.25 times base annual salary effective the first of the month following this notification.

If you do not enroll in life insurance when you are first eligible to participate, you will be required to provide acceptable proof of good health to enter the plan at a later date (even for the lowest level of coverage). Your coverage will not be effective until the first of the month following the month in which the Benefits Office receives notification that your proof of good health has been reviewed and approved by the insurance company.

Cost of Coverage

The company provides you with enough credits to purchase term life insurance equal to 2.25 times your base annual salary at no out-of-pocket cost. If you choose life insurance coverage that is less than 2.25 times your salary, you have excess credits that can be spent in other benefit areas. If you participate in the GUL program and choose life insurance coverage that exceeds 2.25 times your salary, you pay for the additional coverage with after-tax dollars using age-rated premiums shown below:

Age	**Monthly Cost per $1,000 (1999)***
<30	$0.047
30–34	$0.056
35–39	$0.078
40–44	$0.112
45–49	$0.232
50–54	$0.390
55–59	$0.698
60–64	$0.966
65–69	$1.737
70 +	$3.092

* Premiums are subject to change each year.

The cost of life insurance increases automatically when you move into a new age-rated premium bracket, effective the first of the month following your birth date.

Using age-rated premiums reduces the imputed income you must recognize on group term life insurance amounts in excess of $50,000 (see “Taxes on Life Insurance”). Employees who choose term life insurance coverage equal to or less than $50,000 are able to avoid imputed income altogether. Please note that GUL insurance is not subject to the imputed income rules that apply to regular group term life insurance. Employees who are eligible for GUL coverage (see limitations described earlier in “Employees who Were Disabled on January 1, 1998”) and who purchase life insurance in excess of 2.25 times their base annual salary are not liable for imputed income tax on such excess coverage. (This is because all coverage over 2.25 times base annual salary is GUL insurance.)

All premiums for life insurance are paid on an after-tax basis.

Changes in Coverage Amounts

When your salary changes, your life insurance coverage amount will change automatically. Your new coverage amount will generally become effective on the first day of the month following your salary change. You must be at work full-time on the effective date of any change in the amount of your insurance; otherwise, the change will become effective on the day you return to active full-time work.

You may **not** change your coverage amount during the year, even if you have a qualified change in family status. However, you may change your coverage amount during the annual ***Benefits by Design*** enrollment period.

Satisfactory proof of good health must be submitted for all increases in total life insurance coverage. Coverage at the higher level will not be effective until the first of the month following the month in which the Benefits Office is notified that the required proof of good health has been reviewed and approved by the insurance company.

Special Features of Group Universal Life Insurance

All company-provided insurance is regular group term life insurance. As explained earlier, all insurance that employees purchase in excess of the company-provided amount is Group Universal Life (GUL) Insurance. <u>***The information that follows applies only to any GUL insurance you may purchase.***</u>

GUL Living Benefit. If you are diagnosed with a terminal illness and are not expected to live longer than six months, you may request a Living Benefit. Under this provision you may choose to receive, while you are still living, the following amount:

(1) Up to 50% of your coverage amount (not in excess of $250,000), plus

(2) A portion of your Cash Accumulation Fund Amount. The amount of your Fund Amount that is available under this option is equal to the percentage of total coverage elected under (1) above, times:

- Your total Fund Amount, less
- The amount of any outstanding loans and related interest.

When you die, your beneficiary will receive your coverage amount, minus the Living Benefit amount you received.

Effect on Other Benefits. Election of the Living Benefit option may affect other benefits or entitlements for which a person may be eligible, as well as his/her income tax liability, as follows:

- If a person elects this option, the GUL insurance proceeds payable at death will be reduced.

- Any payment made under this option may be taxable. You are advised to seek the help of a professional tax advisor for assistance with any questions you may have.

- Election of this option may effect eligibility for Medicaid or other government programs. You are advised to seek the help of a professional legal advisor for assistance with any questions you may have.

Conditions. Eligibility for the Living Benefit option is subject to the following conditions:

- A person may elect the Living Benefit option only once during the time he/she is covered under the plan.

- An election under this provision must be made in writing.

- There must be satisfactory proof, including written certification by a personal physician, that the person's life expectancy is six months or less.

- The person's GUL coverage must not be assigned.

- Since the Living Benefit is made available on a voluntary basis only, a person will not be eligible if:

  – A law requires using this option to meet the claims of creditors, whether in bankruptcy or otherwise, or

  – A governmental agency requires using this option in order to apply for, get, or keep a government benefit or entitlement.

Please be aware that once a person elects the Living Benefit option, he/she may no longer (1) increase the level of GUL coverage, (2) make a lump sum contribution to his/her optional cash accumulation fund, or (3) increase the amount of contributions to his/her optional cash accumulation fund.

Effect on GUL Coverage. When a person elects this option, the total amount of GUL insurance proceeds otherwise payable on the person's death will be reduced by the amount received as a Living Benefit. The amount received as a Living Benefit will also reduce any amount a person could otherwise have converted to an individual contract.

The insurance company reserves the right to make a distribution from a person's optional cash accumulation fund when benefits under this option are paid. Any such distribution will be made only to the extent needed to continue to qualify the GUL coverage as life insurance under the Internal Revenue Code.

Effect on GUL Contributions. When a person elects a Living Benefit, his/her monthly premiums will be adjusted based on the amount of GUL insurance remaining in effect.

GUL Optional Cash Accumulation Fund. Employees who purchase GUL insurance may contribute an additional amount of money to create a Cash Accumulation Fund. To participate, you must deposit at least $120 each year into the account. Contributions are conveniently deducted from your paycheck, or you can write a check to contribute a lump sum at any time. The interest rate will fluctuate from year to year, but is guaranteed to be at least four percent. Interest on your GUL optional cash accumulation fund is not taxable when earned.

Monthly Contributions. The minimum you can contribute to an optional cash accumulation fund is $10 per month or $120 per year. The insurance company will make a fund charge of $1 per month plus 2.25% of each such contribution. The balance of your contributions will remain in your fund, subject to the other provisions of GUL coverage.

You may change or stop your monthly contributions to an optional cash accumulation fund at any time. Contributions will not be allowed when you are no longer covered under GUL insurance.

Lump Sum Contributions. You may also contribute lump sum amounts toward your optional cash accumulation fund, subject to the following limitations:

- You may not make lump sum contributions for an amount which would cause your fund to reach its limit.
- You may not make a lump sum contribution for an amount less than $100.

Maximum Contribution Limit. There is an upper limit on the amount that may be contributed (for all contributions) each month. The maximum monthly contribution is determined based on factors that include age and previous contributions to the cash accumulation fund. You will be notified by the insurance company if your monthly contributions exceed this maximum.

To receive favorable tax treatment accorded to life insurance under federal law, GUL coverage must qualify under the Internal Revenue Code or successor law. To make sure the GUL coverage qualifies, the insurance company reserves the right (1) to refuse contributions which would cause the GUL coverage to fail to qualify, and (2) to make changes in the GUL coverage or to make distributions from a person’s optional cash accumulation fund to the extent needed to continue to qualify the coverage as life insurance.

Fund Activity – Balance. At any time, the amount of a person’s optional cash accumulation fund is the net amount of:

- Contributions, plus
- Interest, minus

- Monthly deductions, minus
- Fund charges, minus
- Any amounts that have been withdrawn.

Fund Activity – Contributions. Contributions include premiums paid for GUL coverage, as well as amounts you contribute to an optional cash accumulation fund.

Fund Activity – Interest. Interest determined by the insurance company at a rate not less than 4% per year will be credited on a person's optional cash accumulation fund. The insurance company will credit interest on a person's fund from the date it receives the contribution.

Fund Activity – Monthly Deductions. The Monthly Deduction is the amount required to provide your GUL coverage.

Fund Activity – Withdrawals. You may withdraw all or part of your fund by making a written request as follows:

Before November 1, 1999	On or After November 1, 1999
Kirke Van Orsdel (KVI) Attn: GT1 P.O. Box 9279 Des Moines, Iowa 50306	Prudential 290 West Mount Pleasant Ave. Livingston NJ 07039

Please note that you may not withdraw that part of your fund equal to the balance of any loan (and related interest) you have made from the fund. If you do not wish to withdraw your entire account, the minimum you may withdraw is $200. The insurance company may not defer a withdrawal for more than six months.

Fund Activity – Loans. You may also take a loan from your optional cash accumulation fund. The most you may borrow is 90% of your fund balance, less one month's cost of GUL coverage. The least you may borrow is $200. The insurance company may not defer a loan for more than six months.

You may take only one loan per calendar year from your fund, and can have only one loan in effect at any time. Interest will be charged daily at a yearly rate not to exceed 2% plus the rate of interest income credited to the fund. Interest is due when the loan is repaid (including partial repayments) or when the loan otherwise becomes due and payable. Interest not paid when due is added to the loan balance.

A loan and related interest will be due and payable from a person's fund:

- When the person's face amount of insurance under GUL coverage ends, or

- When the person dies, or
- Any time the loan balance plus related interest equals the balance of the person's fund.

When the amount of a person's fund is reduced to zero because the loan balance plus interest equals the amount of the fund, the person's GUL coverage will continue until the date on which the insurance company would normally deduct the cost of monthly insurance coverage. If, on that date, the amount credited to the person's fund is less than the amount required for the monthly insurance coverage, the person's GUL coverage is in default. During the next sixty days (grace period), the insurance company will accept contributions and make the normal charges from the person's fund. However, if the monthly cost of insurance coverage is not paid by the end of the sixty day grace period, the person's GUL coverage will end at that time. The grace period is (1) 60 days, or (2) 30 days from the date the insurance company mails you a notice of default, whichever period is longer. (See below for how coverage may be reinstated following a default.)

You may pay back all or part of a loan at any time. Additionally, if you request, a loan may be canceled (or reduced by no more than $200) by deducting the amount needed from the fund from which it was borrowed. The only way to repay a loan is to make a lump sum payment or to deduct the amount owed from your fund.

The balance and related interest for any loan due at a person's death will be deducted from the death benefit to be paid.

A deduction from your fund (to repay any outstanding loan and related interest) will be made before paid-up insurance may be provided (as described below in "GUL Paid-Up Insurance").

Reinstatement of GUL Coverage Following Default. If a person's GUL coverage is still in default after the grace period ends (as described above in "Fund Activity-Loans"), it may be reinstated. To reinstate GUL coverage, the following conditions must be met:

- The group contract must not have ended.
- The person's optional cash accumulation fund must not have been used to purchase paid-up insurance.
- The person must request reinstatement within 3 years from the end of the grace period.
- The person must give satisfactory proof of good health to the insurance company.
- The person must pay the amount, if any, needed to bring the person's fund balance to zero as of the date the GUL went into default.
- The person must pay the monthly cost premiums through the end of the grace period.

- The person must pay an amount which is sufficient to keep the GUL coverage in force for at least 2 months following reinstatement.

If approved by the insurance company, the reinstatement will become effective on the first day of the month coinciding with or next following the approval date.

GUL Paid-Up Insurance. When your GUL coverage ends, you may use your optional cash accumulation fund (if applicable) to pay the net single premium for paid-up insurance. If paid-up insurance is provided, all other benefits under GUL will end.

All of a person’s optional cash accumulation fund, less the amount owed for any loan and related interest, may be used to purchase paid-up insurance subject to both of the following rules:

- The minimum amount of a person’s fund that may be applied to purchase paid-up insurance is $1,000.

- The maximum amount of paid-up insurance that may be purchased is the amount of the person’s death benefit just before the purchase.

Any amount of your fund which exceeds the amount used to provide paid-up insurance will be returned to you in cash.

All or part of a person’s paid-up insurance may be surrendered for its cash value at any time. The insurance company may not defer a surrender of paid-up insurance for longer than six months. Paid-up insurance will not end when a person’s insurance ends under other rules of the Group Contract. Unless surrendered, it will continue until the person’s death.

The insurance company will determine that part of any dividend derived from a person’s paid-up insurance. Such amount will be applied to increase the amount of the person’s paid-up insurance, but will not be considered in determining the disposition or effect of dividends under any other provision of the Group Contract.

If you purchase paid-up insurance, your beneficiary designation (and changes thereto) must be filed with Prudential at:

The Prudential Insurance Company of America
290 West Mount Pleasant Avenue
Livingston, New Jersey 07039

GUL Coverage for Suicide. If a person, whether sane or insane, dies because of suicide, the death benefit under GUL insurance coverage may be limited, as follows:

- If death because of suicide occurs within one year from the person’s effective date of GUL coverage, the death benefit is limited to (1) the sum of contributions paid, less (2) any loan and related interest, less (3) any account charges, less (4) any amounts withdrawn from the person's fund.

- If death because of suicide occurs within one year from the date of any increase in that person's GUL insurance coverage, the part of the death benefit that would be paid on account of that increase is limited to the sum of the premiums paid for that increase.

- If death because of suicide occurs within one year from the date a person's GUL insurance coverage is reinstated, the death benefit is limited to (1) any contributions to an optional cash accumulation fund since the date of reinstatement, less (2) any loan and related interest, less (3) any amounts withdrawn from the person's fund.

Life Insurance for Employees Age 70½ or Older

If you are 70 1/2 or older and still employed by BBWI, you are required by law to start receiving your retirement benefits from the INEEL Employee Retirement Plan. When this happens, your GUL insurance coverage will not be affected. You will, however, have a choice to make at this time regarding your regular group term life insurance.

When you begin drawing retirement benefits from the INEEL Employee Retirement Plan, you will have a one-time election (which may not be revoked during the remainder of your active employment) regarding your regular group term life insurance as follows:

- You may choose to retain the full amount of your regular group term life insurance through the remainder of your active employment. At the end of your active employment, you will be eligible to continue your insurance at a reduced level as described in the section "Life Insurance After You Retire."

- You may choose to reduce your regular group term life insurance immediately (instead of waiting until your active employment terminates) as described in the section "Life Insurance After You Retire. Reduced coverage under this section could be continued at the same level at the end of your active employment.

Please contact the Benefits Office for further information about these two choices.

When Benefits Are Paid

Your company-paid life insurance benefit is paid if you die from any cause, at any time or place, while your INEEL insurance coverage is in effect.

The death benefit under GUL insurance will be limited in the event of suicide, as explained earlier in this section. The death benefit attributable to excess group term life insurance (over 2.25 times base salary) is also limited in the event of suicide for individuals who were disabled on January 1, 1998 and did not return to work. This coverage will not pay for loss of life due to suicide within one year of coverage.

Life insurance proceeds will be paid to your beneficiary(ies). You must designate your beneficiary in writing and file your designation form with the Benefits Office. You may change your beneficiary(ies) at any time by completing a new form and submitting it to the Benefits Office. (The only exception is for participants who purchase paid-up coverage under GUL. Beneficiary information for paid-up GUL insurance must be filed directly with Prudential.) If you designate more than one beneficiary but do not specify each beneficiary's share, the beneficiaries will share equally. If a beneficiary dies before you, his/her share will be shared equally by the remaining beneficiaries unless the beneficiary form states otherwise.

If you have not designated a beneficiary when you die, or if your beneficiary has also died, your regular group term life and your GUL insurance amounts will be paid to your surviving relative(s), in the following order:

- Your spouse
- Your children
- Your parents
- Your brothers and sisters
- Your estate.

When Your Coverage Ends

Regular Group Term Life Insurance. Your regular group term life insurance coverage will end on the earliest of the following dates:

- The end of the month in which your employment with the company ends
- The end of the month in which you are no longer an eligible employee under the plan
- The end of the month in which you are no longer eligible for coverage as an employee on Military Leave of Absence for Active Duty in the armed forces of any country, state or international organization
- The end of the month in which you fail to pay your portion of the cost of life insurance (when applicable)
- The date your employer no longer participates in the plan
- The date the plan ends.

GUL Insurance. Your GUL insurance as a BBWI employee will end on the earliest of the following dates:

- The end of the month in which your employment with the company ends.
- The end of the month in which you are no longer an eligible employee under the plan.
- The end of the month in which you no longer pay any contributions required to keep the insurance in force. If your insurance is in default, when you fail to pay the monthly deduction required to provide your GUL coverage during the grace period.
- The date your employer no longer participates in the plan.
- The date the plan ends.

Continuing GUL Coverage. Because GUL insurance is portable, you may be able to continue GUL coverage even after you cease to be eligible for employee coverage. If you leave the company or are no longer an eligible employee, or if you lose your coverage because your employer no longer participates in the plan (and does not offer a similar plan within 31 days), you may continue your GUL insurance — including your optional cash accumulation fund — beyond the date your coverage would normally have ended. Continuation of GUL insurance in these circumstances is subject to the following rules:

- The effective date of continued coverage is the first day of the month after the insurance company receives notice that your GUL coverage would have ended.
- The premiums required to keep the insurance in force will be different (higher) than the premiums you contributed as an employee. Contributions will not be withheld from your paycheck, but will be payable by you directly to the insurance company.
- No increases in coverage will be allowed.
- Continued coverage will end at the earlier of (1) the end of the group contract, or (2) your failure to pay, when due, any contribution that is required to keep your GUL insurance in force.

Additionally, you may be able to convert your GUL coverage to an individual life insurance contract as described under “Conversion Privilege.”

When You Reach Age 100. When you reach age 100, you will have the following options regarding your GUL coverage:

- You may elect to withdraw all of your fund.

- You may continue your GUL coverage. If you elect this alternative, monthly deductions will no longer be required and the insurance company will no longer accept contributions other than to repay a loan. Your death benefit will be equal to your fund less the amount of any loan and related interest, less any past due payments for the cost of insurance.

Any additional provisions that may be a part of your GUL coverage will end.

If You Become Disabled

Regular Group Term Life Insurance. If you become totally disabled **before age 60** while you are covered under this plan, your regular group term life insurance coverage may remain in effect in accordance with the terms of the policy. The company will pay the cost of your life insurance coverage as long as you remain totally disabled.

GUL Insurance. If you are not retired and become totally disabled **before age 65** while you are covered under this plan, your GUL insurance coverage may remain in effect in accordance with the terms of the policy. Monthly premiums for your GUL coverage will be waived as long as you remain totally disabled.

Total Disability. "Totally disabled" under this plan means totally disabled (as determined by the insurance company) by injury or illness to the extent that you are unable to perform work for compensation or profit and are unable to engage in **any** business or occupation for which you are reasonably fitted by education, training, or experience.

For your life insurance coverage to remain in effect with the company paying the cost, you must:

- Submit proof to the insurance company that you became totally disabled while covered under this plan and before you reached age 60 (or age 65 as applicable for GUL insurance)
- Have been disabled for at least 6 consecutive months after your last day of active work.

You must submit the proof of disability no later than 12 months from the date of disability. You must continue to submit proof of disability each year you remain disabled for your life insurance coverage to continue. The insurance company may also require you to be examined by a physician at the insurance company's expense.

The company will no longer pay for your life insurance coverage, and your coverage will end, if one of the following events occurs:

- You are no longer totally disabled (as determined by the insurance company)
- You do not provide required proof that you are totally disabled
- You do not agree to a medical examination, if required.

If your life insurance coverage ends and you do not return to active work with the company, you may convert your life insurance to an individual policy according to the "Conversion Privilege" provisions discussed below.

If you die while covered under the plan and **before you retire**, your beneficiary will receive one check for the amount of regular group term life insurance in effect on the date you became disabled, and a second check for the amount of GUL insurance in effect on that date. If you die while covered under the plan but **after you retire**, your beneficiary will receive the following amounts:

- One check for regular group term life insurance in an amount as outlined in the section "Coverage When You Retire."
- A second check for the amount of GUL insurance in effect on the date you became disabled.

Coverage When You Are on Leave of Absence

Layoff Status or Administrative Leave of Absence. If you are laid-off or take an Administrative Leave of Absence, you may continue your life insurance coverage as described below:

Regular Group Term Life Insurance. You may continue your regular group term life insurance for up to one year. To keep your coverage in effect, you must make all of the premium payments (including the company's cost) no later than the 20th of the month before the month for which you are continuing coverage. For example, your payment for June life insurance coverage would be due in the Benefits Office no later than May 20.

If your payment is not received by the 20th of the month before the month for which you want to continue coverage, your coverage will be canceled as of the last day of the month for which you paid your last premium. If you do not elect to continue your insurance while you are laid-off or on administrative leave, your life insurance coverage will end on the last day of the month in which you were laid-off or you began your administrative leave.

If your coverage ends and you return to active full-time work, your coverage can be reinstated on the day you return to work, provided you submit a completed application form (available from the Benefits Office). If you do not complete an application form the day you return to work, you will be treated as a new employee for enrollment and coverage purposes.

GUL Insurance. You may continue your GUL insurance in accordance with the rules described earlier under "Continuing GUL Coverage." Premiums for GUL insurance during layoff or Administrative Leave of Absence should be made directly to KVI (before November 1, 1999) or Prudential (on or after November 1, 1999).

If you do not continue your GUL insurance coverage when your employment terminates due to layoff or Administrative Leave of Absence, and you resume employment with the company at a later date, you will be eligible for GUL coverage as a new employee on the date of your reemployment.

Military Leave for Active Duty. The following rules will apply if you are approved for Military Leave for Active Duty:

Regular Group Term Life Insurance. Your regular group term life insurance may be extended for up to one year while you are on Military Leave for Active Duty. Your coverage may be extended beyond one year, for up to two additional years, if you are not provided life insurance coverage through the military.

If your life insurance coverage remains in effect throughout your Military Leave for Active Duty, you will not have to re-enroll when you return to active full-time work at the end of your approved leave. If your life insurance does not remain in effect, your coverage can be reinstated on the date you return to full-time work if you submit an application form (available from the Benefits Office). If you do not complete an application form the day you return to work, you will be treated as a new employee for enrollment and coverage purposes.

GUL Insurance. You may continue your GUL insurance during Military Leave for Active Duty in accordance with the rules described earlier under "Continuing GUL Coverage." Premiums for GUL insurance while on Military Leave for Active Duty should be made directly to KVI (before November 1, 1999) or Prudential (on or after November 1, 1999). If you do not continue your GUL insurance coverage during Military Leave for Active Duty, and you resume employment with the company at a later date, you will be eligible for GUL coverage as a new employee on the date of your reemployment.

Family Medical Leave and Inactive Employee Status. Your regular group term life insurance and your GUL insurance may be continued during approved Family Medical Leave and Inactive Employee Status (IES) if you pay any required premiums to the Benefits Office in advance of each month's coverage. If premium payments are not received in advance, your insurance will be canceled as of the last day of the month for which your premium has been paid. If you return to active full-time work after your coverage has been canceled and you want to reapply for life insurance coverage, you must provide proof of good health. Coverage will not be effective until your proof of good health is reviewed and approved by the insurance company.

Taxes on Life Insurance

Under federal tax laws, you are allowed $50,000 of company-paid group term life insurance tax-free. If your company-paid group term life insurance coverage is more than $50,000, the value of the coverage over $50,000 is considered income for both federal income taxes and Social Security taxes. This amount (called "imputed income") must be added to your W-2 taxable income. Imputed income is reported and taxes are withheld on a biweekly basis according to procedures established by the Internal Revenue Code. Any premiums you pay for life insurance coverage help offset your imputed income amount, thereby reducing the taxes you are required to pay.

Please note that GUL insurance is not subject to the imputed income rules that apply to regular group term life insurance.

Conversion Privilege

Regular Group Term Life Insurance. If your regular group term life insurance coverage ends because your employment ends or you are no longer eligible for coverage, you may convert a portion of your coverage to an individual policy without providing evidence of good health. (You may also be eligible to convert your coverage to a separate policy if the group contract ends. Please contact the Benefits Office for additional information.) Your coverage amount under the new policy must be less than or equal to the amount of regular group term coverage you had under this plan. You may purchase any type of individual policy issued by the insurance company **except** term insurance. The conversion policy will not include disability or other additional coverage features offered under the ***Benefits by Design*** plan.

If you want to convert your coverage to an individual policy, you must apply and pay the first premium within 31 days after your insurance coverage under this plan ends. Your cost for coverage on the converted life insurance amount will be based on the insurance company's current rates for your age and amount of coverage. Coverage under your individual policy will be effective after 31 days from the date your coverage under this plan ends.

If you die during the 31-day time period in which you could have converted your coverage, your beneficiary will receive a benefit equal to the coverage amount you would have had under the individual conversion policy.

Contact the Benefits Office for details about how to convert your group term life insurance coverage.

GUL Insurance. If your face amount of GUL coverage ends due to the termination of all face amounts of insurance under the group contract, you may be able to convert your coverage to an individual life insurance contract without proof of insurability. To be eligible to convert GUL coverage under this provision, you must have been covered (under this GUL coverage and the predecessor Prudential group term life insurance plan) for at least five years before the date your coverage ends.

If you want to convert your GUL coverage to an individual policy, you must generally apply and pay the first premium by the later of:

(1) The thirty-first day after your Face Amount of GUL insurance ends, or

(2) The fifteenth day after you are given written notice of the conversion privilege.

Please note that in no event may insurance be converted to an individual contract if you do not apply and pay the first premium before the ninety-second day after your Face Amount of GUL insurance ends.

The maximum amount of GUL insurance that may be converted under this provision is generally the lesser of:

- The total amount of your insurance under GUL coverage just before the Face Amount of insurance coverage ends, minus

  The amount of your fund that is needed to cancel any outstanding loan, minus

  The amount of any paid-up insurance that is purchased from your fund just after the Face Amount of insurance coverage ends, ***or***

- $10,000.

Your cost of coverage for converted insurance will be based on the insurance company's current rates for your age, coverage level, and class of risk (other than gender). Coverage under your individual policy will be effective after 31 days from the date your Face Amount of insurance coverage under this plan ends.

If you die within 31 days of when the Face Amount of your insurance ends, during a period when you have the right to convert your GUL coverage to an individual contract, your beneficiary will receive a death benefit equal to the coverage amount you would have had under the individual conversion policy (subject to reduction by the amount of any extended death benefit protection which may apply).

Dependent Life Insurance

You may purchase coverage for your spouse only, your children, or for both your spouse and children. You are the beneficiary of any life insurance coverage you have for your dependents.

The annual enrollment period is the only time you may change your choice of dependent life insurance coverage, unless you have a qualified family status change. If you have a qualified change in family status you must notify the Benefits Office in writing within 30 days of the change and complete the necessary change forms, generally within 60 days. The only exception to this rule is for employees who have a new baby while enrolled in dependent insurance coverage for children. Coverage for additional newborn children is automatic under the terms of the plan.

You may not be covered both as an employee and as a dependent spouse. Dependent children cannot be covered by more than one employee. Employees are expected to observe these rules.

Duplicate life insurance benefits will not be paid by the insurance company, and premiums for such coverage will be reimbursed only if administratively feasible.

Life Insurance for Dependent Spouse. The options for life insurance on your spouse are 1, 2, or 3 times your annual base salary, (to a maximum of $500,000) subject to the following limitations:

- You may not choose more life insurance for your spouse than you choose for yourself.

- You may not be covered both as an employee and as a spouse.

- If you enroll in dependent spouse life insurance when you are first eligible to participate, you will be able to choose any level of coverage ***except 3 times your salary*** without providing proof of good health. Employees who initially enroll for dependent spouse life insurance coverage equal to 3 times their salary will be required to provide proof of good health. In this situation, coverage will be limited to 2 times salary until the Benefits Office is notified that the proof of good health has been reviewed and approved by the insurance company. Coverage will be increased to 3 times salary effective the first of the month following this notification.

  If you enroll in dependent spouse life insurance when you are first eligible to participate, and choose to increase your level of coverage at a later date, you will be required to provide acceptable proof of good health before the higher coverage will be effective. For example, proof of good health will be required if you enroll initially for dependent spouse life insurance coverage equal to 1 times your salary and later wish to increase your coverage to 2 times your salary. In this situation, your dependent spouse life insurance coverage will remain at 1 times your salary until the Benefits Office is notified that the proof of good health has been reviewed and approved by the insurance company. Coverage will be increased to 2 times salary effective the first of the month following this notification.

  If you do not enroll in dependent spouse life insurance when you are first eligible to participate, you will be required to provide acceptable proof of good health to enter the plan at a later date (even for the lowest level of coverage). Your coverage will not be effective until the first of the month following the month in which the Benefits Office receives notification that your proof of good health has been reviewed and approved by the insurance company.

The 1999 cost of life insurance on your spouse is determined using the age-rated premium (for your age) from the table that follows:

Age	**Cost/$1,000/Month**
<30	$0.048
30 – 34	$0.058
35 –39	$0.084

40 – 44	$0.116
45 – 49	$0.236
50 – 54	$0.400
55 – 59	$0.700
60 – 64	$1.010
65 – 69	$1.764
70 +	$3.152

Your contributions for life insurance on your spouse will increase automatically (the first of the following month) if you have a salary increase that causes the amount of coverage to be higher, or if you have a birthday that causes you to move into a new age band.

Life Insurance for Dependent Children. Life insurance for your dependent children aged 14 days to 21 years is available through ***Benefits by Design*** as follows:

Age	Option 1	Option 2
14 days to 6 months	$2,500	$6,250
6 months to 21 years	$10,000	$25,000

Please note that if both you and your spouse work for the company, only one of you may elect dependent coverage for your children. Also, you may not carry more life insurance on your children than you carry on yourself. As explained earlier in this section, employees are expected to observe these rules. Benefits for duplicate coverage will not be paid, and premiums for such coverage will generally not be refunded.

If you enroll in dependent child(ren) life insurance when you are first eligible to participate, you will be able to choose either level of coverage without providing proof of good health. If you initially enroll in dependent child(ren) life insurance coverage in the amount of $10,000 and choose to increase the level of coverage to $25,000 at a later date, you will be required to provide acceptable proof of good health for each child before the higher coverage will be effective. If you do not enroll in dependent child(ren) life insurance when you are first eligible to participate, you will be required to provide acceptable proof of good health for each child in order to enter the plan at a later date (even for the lowest level of coverage). Where proof of good health is required, coverage at the requested level will not be effective until the first of the month following the month in which the Benefits Office receives notification that the proof of good health has been reviewed and approved by the insurance company.

Eligible Dependents. Your eligible dependents for life insurance coverage include:

- Your lawful spouse

- Your unmarried dependent children from 14 days old to 21 years old. Children aged 19 and 20 must be wholly dependent on you for support and enrolled as full-time students in a school.

- Your unmarried dependent children ages 21 and older who were covered under the plan on their 21st birthday and also were fully handicapped on their 21st birthday. Your child is fully handicapped if both of the following conditions are satisfied:
  - He/she is not able to earn his/her own living because of mental retardation or a physical handicap which started prior to the date he/she reaches age 21.
  - He/she depends chiefly on you for support and maintenance.

"Children" include your natural born children, legally adopted children, and stepchildren living in your home and principally dependent on you for support.

Your spouse and/or child(ren) are not eligible for coverage under ***Benefits by Design*** dependent life insurance in any of the following situations:

- If they are on active duty in the armed forces of any country.
- If they are insured as an employee under the employee group term life insurance contract.
- If they are protected under any employee term life coverage of the group contract after their insurance under that coverage ends.

Employees enrolled in dependent insurance for children do not need to report additional children in order to add them to their coverage. Coverage for additional children is automatic under the terms of the plan.

Cost of Dependent Coverage. If you elect dependent life insurance, you pay the entire cost of coverage with after-tax dollars.

When Dependent Coverage Ends. Coverage for your dependents ends the last day of the month in which your coverage ends, you are laid off, your employment terminates for any reason (including Administrative Leave of Absence or disability), or you stop making contributions for dependent coverage. Coverage ends immediately when a dependent is no longer eligible as defined, the plan ends, or (in the case of a child) neither you nor your spouse are insured under this plan.

Continuation of Dependent Life Insurance During Leave of Absence. You may not continue dependent life insurance coverage if you are laid off or terminated due an Administrative Leave of Absence.

Dependent life insurance coverage may be continued during Family Medical Leave (FML), Inactive Employee Status (IES), and Military Leave for Active Duty (ML), if you pay any required premiums to the Benefits Office in advance of each month's coverage. If premium payments are not received in advance (by the 20th day of the month preceding the month for which they are due), your dependent life insurance coverage will be canceled as of the last day of the month for which your premium has been paid.

If your coverage is canceled during FML, IES, or ML and you later return to active full-time work, you will be required to provide proof of good health for your spouse and/or each covered child. Your dependent life insurance coverage will not be effective until the proof of good health is reviewed and approved by the insurance company.

Taxes on Dependent Life Insurance. The ***Benefits by Design*** dependent life insurance plan will comply with all legal requirements for taxation of the value of dependent life insurance. Please contact the Benefits Office for more information.

Conversion Privilege for Your Dependents. Your dependent may convert this insurance to an individual policy when his/her coverage ends as stated above. Your dependent's coverage under the new policy may be less than or equal to the amount of coverage your dependent had under this plan.

To convert your dependent's coverage, you must apply and pay the first premium within 31 days after the dependent's coverage ends. No proof of good health is required.

Your dependent may elect any type of policy issued by the insurance company except term insurance. The conversion policy will not include disability or other additional coverage features offered under this plan.

If your dependent dies within 31 days after coverage under this plan ends, the insurance company will pay you the full coverage amount in effect for your dependent when coverage ended.

Life Insurance After You Retire

Employee Life Insurance. If you begin drawing your retirement from the INEEL Employee Retirement Plan at the time you terminate from active employment with the company, you may continue a portion of your employee life insurance.

Retirement Prior to January 1, 1998. Employees who retired prior to January 1, 1998 do not participate in GUL insurance. These employees were allowed to continue (as regular group term life insurance) life insurance equal to the lesser of:

- $2,000 plus 2 times their annual single life retirement annuity, or
- One-half of the amount of life insurance in effect on the last day of their full-time employment
- $400,000.

The cost of retiree group term life insurance is subject to change. Premiums are deducted from your monthly retirement benefit payments.

Participants who retired before January 1, 1998 should contact the Benefits Office if they have questions about their life insurance coverage.

Retirement On or After January 1, 1998. Employees who retire on or after January 1, 1998 will have the following options for continuing their life insurance coverage.

Regular group term life insurance may be continued equal to the lesser of the following amounts:

- $2,000 plus 2 times their annual single life retirement benefits, ***or***
- One-half the amount of regular group term life insurance in effect on the last day of full-time employment.

The cost of retiree group term life insurance is subject to change. Premiums will be deducted from your monthly retirement benefit payments.

GUL insurance may be continued in accordance with the rules described earlier under "Continuing GUL Coverage." Premiums for continued GUL coverage will be payable directly to KVI (before November 1, 1999) or Prudential (on or after November 1, 1999).

Dependents Life Insurance. If you have dependent life insurance under this plan at the time of your retirement under the INEEL Employee Retirement Plan, a portion of the coverage may be continued as follows:

Dependent	Amount of Coverage
Spouse	$5,000
Dependent children ages 14 days to 6 months	$500
Dependent children ages 6 months to 21 years	$2,000

The amount of dependent life insurance for any covered dependent cannot be more than the amount of your own life insurance. Dependent life insurance coverage ends if you die.

If you elect to continue dependent life insurance after you retire, the cost for coverage will be deducted from your monthly retirement benefit payments.

Filing a Claim

If you die, **your beneficiary** should contact the Benefits Office (526-2000) to file a claim for benefits under the plan. If your dependent dies, **you** should contact the Benefits Office

(526-2000) to request the necessary forms for filing a claim. Claims for benefits should be completed and filed within 30 days after the loss, or as soon as reasonably possible.

Benefit payments will be made either in a lump sum or in installments.

Business Travel Accident Insurance Plan

Introduction

The ***Benefits by Design*** Business Travel Accident Insurance Plan is designed to protect you while you are traveling on company business. The plan will pay a benefit to your survivor if you die while traveling on company business, or to you if you are dismembered while traveling on company business.

Dependents are not covered under this plan.

Participation and Costs

Eligibility. All company employees are covered under this plan, except bus drivers and security guards when performing the duties of their normal occupation.

Enrolling in the Plan. You are automatically enrolled in this plan on your first day at work. You must complete a beneficiary designation form or your beneficiary will be the same as for your life insurance coverage.

Cost of Insurance. The company pays the entire cost of Business Travel Accident Insurance.

When You Are Covered

You are covered on a 24-hour basis for accidents you have during travel (to a place away from your regularly assigned work location) and any related activities while you are on approved business trips for the company.

Air travel coverage is limited. It only applies when you are riding as a passenger (not as a pilot or crew member) on a military air transport aircraft of any country, or on any civil aircraft (but such civil aircraft cannot be owned or operated by an insured employee or by the policyholder). Such aircraft must (1) be operated by a duly licensed pilot; (2) have a current unrestricted airworthiness certificate; and (3) not be used to fight fires, inspect pipelines or powerlines, take aerial photos, or explore.

Your business travel accident coverage is effective when you begin a business trip for the company; i.e., at the time you leave your home or regular place of employment, whichever occurs last. Coverage continues until you complete your trip, i.e., arrive back at your home or regularly assigned place of employment, whichever occurs first.

Coverage is also effective during a vacation taken while on approved company travel, provided such vacation does not exceed 60 consecutive days.

Travel while commuting to and from work (including site work locations) is **not** covered as business travel.

Amount of Benefit

General Information. You will be insured for an amount equal to **two times** your base annual salary in effect at the time of the accident.

For full-time salaried employees, "base annual salary" means your regular base annual salary rate (regular base monthly salary rate multiplied by 12). For full-time hourly employees, "base annual salary" means your basic hourly rate multiplied by 2,080 hours, unless otherwise stipulated by a current bargaining agreement. The "base annual salary" for part-time employees will be prorated based on the percentage of time normally worked.

Maximum Benefit Amount. The maximum benefit amount is $1 million per person. Benefit amounts are ***rounded*** to the next higher $1,000 if the amount is not an even $1,000 amount.

The maximum benefit amount payable to all employees involved in a common air accident is $3 million per aircraft accident. In this event, the amount and allocation of benefits will be made in accordance with the terms of the policy, and may result in a payment that is less than two times your base annual salary.

Benefit by Type of Loss

If you suffer a covered death or dismemberment loss within one year after the date of the accident, the plan will provide benefits as follows:

Type of Loss	Benefit Amount*
Accidental Death	Full benefit
Accidental Dismemberment	
Loss of both hands or both feet, sight of both eyes, one hand and one foot, speech and hearing of both ears, or either hand or foot and sight of one eye	Full benefit
Loss of either hand or foot, sight of one eye, speech or hearing of both ears	One-half the full benefit
Loss of hearing of one ear, or thumb and index finger of	One-quarter the full benefit

Type of Loss	Benefit Amount*
same hand	

*Only one benefit, the largest you are entitled to, will be paid for all losses resulting from one accident. Benefit payments are subject to the minimums and maximums described earlier in this section.

Your Beneficiary

If you die while covered under this plan, the benefit amount is payable to the beneficiary(ies) you have designated in writing and filed at the Benefits Office.

If you die and did not designate a beneficiary, payment will be made to the beneficiary designated for your life insurance plan benefit. Otherwise, payment will be made to your survivors in this order:

- Your spouse
- Your child(ren)
- Your parent(s)
- Your siblings
- Your estate.

You may change your beneficiary(ies) at any time by completing a new beneficiary change form and returning the form to the Benefits Office.

Losses Not Covered

The plan does not cover losses caused by, or resulting from (directly or indirectly), any of the following:

- Intentionally self-inflicted injuries, suicide, or attempted suicide, while sane or insane, except as noted in the plan
- Full-time active duty in the armed forces of any country
- Sickness, disease, or bodily/mental infirmity (including medical or surgical treatment for such sickness, disease, or infirmity), except for bacterial infection that results from an accidental cut or wound or accidental ingestion of a poisonous food substance
- Commission or attempt to commit an assault or felony

- Travel or flight in any vehicle or device for navigation beyond the earth's atmosphere, or aerial navigation, except as described in the group insurance policy

- Except as prescribed by a Doctor, your use of (1) PCP (also known as "Angel Dust"); (2) LSD or other hallucinogens; (3) cocaine, heroin or other narcotics; (4) amphetamines or other stimulants; (5) barbiturates or other sedatives or tranquilizers; or (6) any combination of two or more of these substances. Any poison or gas voluntarily taken administered, absorbed, or inhaled

- Taking part in an insurrection

- War or any act of war (declared or undeclared) occurring within the United States or in a designated "war risk" area (including territorial waters and airspace).

Filing a Claim

To file a claim for benefits under this plan, you or your beneficiary should contact the Benefits Office to obtain the necessary forms. You or your beneficiary should file a claim within 30 days after the loss or as soon as reasonably possible.

The insurance company, at its expense, may require that you have a physical exam as part of the claims process for dismemberment.

Payments for loss of life will be made in a lump sum to your beneficiary. Payments for other losses will be made to you in a lump sum, or in installments, at your election.

When Coverage Ends

Business travel accident insurance coverage will end automatically on the earlier of the following dates:

- When your employment ends (your last day at work)

- When the plan ends.